GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:301
ANSWERED ON:20.03.2008
INCREASE IN THE PRICES OF MEDICINES
Barman Shri Hiten

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the percentage of increase in the price of medicines during the last three years;

(b) whether the Government has been asked to grant permission for increasing the price of any medicine;

(c) if so, the details of the permission given for increasing the price along with the names of the medicines; and;

(d) the details of those medicines the prices of which have come down or have been reduced during the said period?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA STARRED QUESTION NO. 301 FOR ANSWER ON 20-3-2008 ON THE SUBJECT OF `INCREASE IN THE PRICES OF MEDICINES`.

The Indian Pharmaceutical market consists of Scheduled and Non-Scheduled bulk drugs and formulations. The Scheduled bulk drugs are specified in the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO`95). Such Scheduled bulk drugs along with their formulations are under price control and their prices are fixed/revised by National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of DPCO`95. The price fixation/revision of the Scheduled bulk drugs and their formulations is a continuous process under DPCO`95. The prices of non-Scheduled formulations are fixed by the manufacturers themselves and Government/NPPA only monitors the price rise beyond a certain percentage in certain specified categories of Non- Scheduled formulation packs.

The percentage increase of prices of packs compared on month-to-month basis as per the retail audit report of ORG-IMS Research Private Ltd. in the last three years is as follows:

Year	Apri	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2004-05	1.28	1.55	1.15	0.78	2.24	1.34	2.34	3.48	1.91	1.13	3.10	1.18
2005-06	3.08	2.73	2.60	3.16	-	-	-	3.10	1.14	1.36	1.17	1.76
2006-07	0.15	0.55	0.31	0.66	0.27	0.34	0.66	-	0.37	0.89	0.68	0.14
2007-08	0.77	0.14	0.10	0.02	0.13	0.12	0.01	0.01	0.32	-	-	-

During the last three years, in 23 cases of the bulk Drugs (as listed in Annexure-I) prices have been increased by NPPA. This is either based on the applications received by NPPA or suo-moto as part of ongoing exercise for price fixation/revision undertaken by NPPA in 156 cases of Scheduled bulk drugs during the last three years. Such increase in bulk drug prices has also resulted in increase of formulation pack prices of these specified bulk drugs.

During the last three years (from 2005-2006 till 15th March, 2008), NPPA has reduced the prices in 127 cases of Scheduled Bulk drugs and in 2443 cases of Scheduled Formulation packs. The NPPA is also carrying out the monitoring of prices of non-Scheduled formulations as per the specified guidelines on the basis of data from ORG IMS. With the intervention of NPPA, prices of 60 Non-Scheduled formulation packs have been brought down in recent times by manufacturers concerned. In addition, NPPA has fixed prices of 24 Non-Scheduled formulations packs during 2007-08 under Para 10(b) of DPCO'95. Thus prices of 84 Non-Scheduled formulation packs have been reduced through the intervention of NPPA.

As a result of efforts made by this Department, various Pharmaceutical Industry Associations voluntarily agreed to reduce the prices of 886 formulation packs by capping their trade margins. Prices of these medicines and their availability is being monitored all over the country by NPPA.

Further, consequent to reduction in central excise duty by the Ministry of Finance, Department of Revenue in the Union Budget 2008-2009 from 16% to 8% of medicines, the NPPA has notified reduction of equivalent maximum retail prices of all Scheduled formulation

packs downwards by 4.58% w.e.f. 1st March, 2008. Further, in respect of non-Scheduled formulations, NPPA has issued guidelines advising all the manufacturers and marketing companies to ensure the reduction of MRP by 4.58%. Such price reductions would be applicable in the cases where excise duty is actually being paid to the Government and was chargeable in the MRP of those formulation packs.